



**STRATEGY
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**CREATING VALUE AT MILITARY INSTALLATIONS:
AN ALTERNATIVE TO BASE CLOSURE**

BY

**COLONEL ALAN D. KRUSE
United States Army**

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LTC Lawrence J. Sowa
Project Advisor

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U. S. Army War College
Carlisle Barracks, Pennsylvania 17013

ABSTRACT

AUTHOR: Alan D. Kruse (COL), USA

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Cuts in force structure and the resultant declining budgets have all contributed to the need for fewer bases and installations within DOD or require the development of a new approach that will allow it to keep needed infrastructure within the budgetary limits. This paper will propose an alternative to base closure which will realize the inherent value of these bases. This will allow DOD to retain the needed infrastructure while creating jobs and create an alternative funding method for base support and environmental clean-up. Concrete examples are presented where innovative programs have utilized the shared capabilities of the private and public sector to create opportunities for success by all parties involved. Facility-use contracting is discussed where entrepreneurial contractors are hired to market the facilities and bring non-governmental work onto the bases to provide a cost offset as well as providing much needed jobs. Recapitalization is presented as another method to offset costs where already expensed DOD real estate and infrastructure is leased by non-DOD firms and individuals who continue to utilize their profit making potential. It concludes by urging creative and innovative methods to manage our installations and thwart unwarranted closing of needed bases.

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CREATING VALUE AT MILITARY INSTALLATIONS:

AN ALTERNATIVE TO BRAC

Everyone is talking about "thinking outside the box," "reengineering the government," and streamlining our governmental operations. Even President Clinton is challenging us to be more creative and efficient. In his 1997 State of the Union address, he urged us to "be far-sighted in our approach to solving problems."ⁱ

Within the Department of Defense (DOD), we must find ways to keep our needed force structure and to continue to modernize all of our armed forces. DOD is a huge "landlord." It manages over 25 million acres of land and 435 installations to fulfill its mission of providing a trained and ready force to protect our nation.ⁱⁱ DOD and Congress are actively searching for ways to bring our physical space and real estate requirements in line with the required force structure. A series of reduced budgets has left DOD unable to support the existing physical facilities. It is now searching for ways to either eliminate the bases or to find alternate ways to pay for this infrastructure.

How is DOD going to innovatively sustain adequate infrastructure support? Should it continue to close bases as a cost cutting measure? Or are there alternatives that will sustain the needed infrastructure within the budget limits set forth by Congress?

This paper will argue that there is an alternative to base closure that is not being fully realized within DOD. This innovative approach entails developing an alternate means to manage installations that takes advantage of the value of the existing installations and provides a way to realize the value that is inherent within them. This intrinsic value is then applied to mitigate the cost of ownership and will provide a means

to maintain the installations needed to equip and maintain our Armed Services. However, DOD will be unable to capitalize on the alternative with our current leadership and managerial approaches to the problem. DOD should adopt innovative business practices already thriving in private industry and apply these practices to the management of its infrastructure.

HISTORY OF BASE CLOSURE

The end of the Cold War, cuts in force structure, and the resulting declining budgets have all contributed to the need for fewer bases and installations within DOD. In the past decade, DOD and the Congress have initiated the complex process of closing unneeded bases as a result of this downtrend. Congress has passed legislation designed to facilitate this process without causing undue political problems for its members who represent affected locales and constituencies. This legislation is called the Base Realignment and Closure Act. It established the Base Realignment and Closure Commission (BRAC), which receives DOD recommendations concerning the mission requirements and necessity of retaining each of its bases. The BRAC Commission then develops a potential list of closings and forwards this to the President for approval. The President then forwards his recommendations on to Congress, which can vote only to accept or decline all of the recommendations. Once a facility has been approved for closure, the appropriate branch within DOD then assumes responsibility for shutting down and disposing of the facility. This BRAC process has resulted in four rounds of recommended closures in 1988, 1991, 1993 and 1995, termed BRAC I, II, III, and IV, respectively.

But the BRAC process has not gone as well as projected. The projected savings expected from these closed bases is lagging behind expectations. DOD estimates that BRAC savings will yield about \$56.7 billion in net savings over a 20-year period.ⁱⁱⁱ DOD's projected net savings have proven to be too optimistic thus far. In January 1990, DOD estimated a savings of \$850 million from 1990 to 1995 for base closures. DOD now estimates that these closings will actually cost DOD \$500 million, rather than returning a savings.^{iv} The primary reason for this difference is that DOD overestimated the revenue they felt they would gain from the sale of the property. They felt they would raise approximately \$2.4 billion in revenues from the sale of this land, whereas DOD has actually received only about \$74 million for this real estate in the past five years.

Another major reason for the shortfall are the costs for environmental cleanup needed before transferring the property. These costs consistently exceed estimates. Clean-up costs will be almost double DOD estimates for closing BRAC I bases.^v The estimated savings for the next round of bases scheduled for closing (BRAC II bases) are also lagging. DOD estimated that it would achieve approximately \$2.9 billion in net savings during the 1992-1997 period. In December 1996, they now estimate the savings will be closer to \$1 billion due to the factors identified above.^{vi} Estimates for the BRAC III round of closings appear to be more realistic; they reflect lessons learned from the earlier rounds of closure.

MORE REDUCTIONS NEEDED?

Should more facilities be closed? If you use the narrow considerations of numbers and measures of proportionality, the answer is yes. Total defense spending

(measured in budget authority) has declined by more than 35 percent. DOD estimates that the base structure will show a reduction of 21 percent when all of the current BRAC closures are complete. Defense employment statistics, including military and civilian personnel, show a 28 percent reduction, while spending for research and development and weapons purchases has been reduced a whopping 54 percent for the same period.^{vii}

Savings in operations and maintenance (O&M) costs as well as base operations and support (BOS) costs are not as robust, however. Spending for these items has declined only by 14 and 13 percent respectively. The Congressional Budget Office (CBO) thus recommends that there certainly would be an additional benefit from additional base closures.^{viii} The CBO has found that DOD has accrued a tremendous backlog in funding maintenance requirements in DOD facilities. DOD has projected that the cost of maintaining these facilities would decrease from \$11 per square foot in 1988 to around \$8.50 per square foot in 1997 due to increased efficiencies. This study shows that even with this expected decrease in costs per unit, the backlog for maintenance and repair has increased at a high rate while spending has declined. The CBO estimates that DOD may have as much as a \$3.9 billion maintenance backlog in 1997. They suggest that DOD may have to reduce the size of the infrastructure beyond levels directed by BRAC in order to reconcile this shortfall-or else find ways to accomplish this needed maintenance within budget limits.^{ix}

ARE THERE ALTERNATIVES TO BASE CLOSURE?

The simple answer is YES!! DOD can find ways to capitalize all of the asset value available on each of the military bases. It also must find ways to operate these

bases more cost effectively in order to pay for O&M and BOS projects that are not being funded. Environmental closure costs continue to spiral upward. DOD must find funding sources internally to achieve the cleanup, since we must anticipate reduced funding for the foreseeable future. Most importantly, DOD must find other ways to create value at these bases that will benefit DOD and ultimately the taxpayers. Simply closing more bases is not the best alternative.

One of the goals of the BRAC process is to reduce the Defense budget. But BRAC is not the best cost-saving method for all concerned. The BRAC process goes beyond simply closing and realigning bases and planning their reuse. Both DOD and Congress acknowledge a moral obligation during this period of reduced budgets: they remain committed to assist the affected BRAC communities^x DOD now needs to look at ways to actively stimulate the economy and increase the value of these installations, while retaining vital infrastructure. This holistic approach certainly passes the common-sense test. DOD can find ways to reduce the cost of base ownership without causing the hardship to the employees and the surrounding communities that accompanies base closure. Innovative actions can create a better situation for all stakeholders involved.

So how does DOD identify and capitalize on this value at our existing bases-a process that will enable it to hold down costs and accomplish maintenance and repair projects as well as environmental cleanup? We must take off our "we've always done it this way" hats and put on our entrepreneurial hats. We must find ways to make these bases more productive and thus to create increased value to all concerned.

Total Asset Visibility (TAV) has drawn the attention of private industry throughout the world.^{xi} Private industrial leaders are currently urging all of their employees to find out what assets in their organizations are contributing to bottom line profits or customer support. Then they change those assets and functions that do not add value to the organization so that they can contribute more. Or they sell them and restructure into a more streamlined organization. This increases its chances of continued success. DOD must replicate this zeal for creating value at its installations. Added value will enable DOD to sustain its needed DOD installations and industrial base.

DOES DOD HAVE ANY SUCCESSFUL INITIATIVES THAT WE MIGHT EMULATE?

The Navy recognizes the value of a limited partnership with private industry. They recently formed a limited partnership with Landmark Organizations, Inc. of Austin, Texas. They will jointly fund the development of 400 family housing units in the Coastal Bend area of Texas. The USS Inchon will be homeported at Ingleside, TX, which currently lacks sufficient amounts of family housing for the sailors and their families. Rather than trying to fund the entire amount out of its limited family housing budget lines, the Navy will contribute \$9.5 million in equity funds and the developer will fund the rest. This housing project has a potential value of approximately \$30 million upon completion.^{xii} This unique partnership was made possible through the 1996 Defense Authorization Act that established the Department of Defense Family Housing Improvement Fund and the Department of Defense Military Unaccompanied Housing Improvement Fund.^{xiii}

This appears to be a "win-win" situation for both the Navy and private industry. The Navy will be able to find a cost effective way to fund the development of needed housing. The developer will be able to develop new housing with an appropriate equity guarantee from the Navy that will allow him to finance the development. The Navy guarantees a certain occupancy rate to the developer for the duration of this ship's homeporting. The developer also retains the first option to purchase the housing complex from the Navy at the current market value or to sell the development. The Navy and the developer divide proportional equity shares. The Navy's portion will be re-deposited into the Family Housing Improvement Fund for similar ventures needed by the Housing Revitalization Support Office.

Privatization of family housing has become a common practice on many DOD installations. DOD estimates that over 12,000 housing units have been built through joint ventures between private developers and the government.^{xiv} Private developers financed these units; in some cases they are operating the facilities. The government provides the land and a guarantee of a certain occupancy rate. The private developer obtains a long-term lease from the government. The value of this lease can be readily converted to a loan from a financial institution. The long-term lease enables the developer to borrow at an attractive loan rate. And all three parties enjoy a win-win situation. The developer is able to construct a series of housing units with guaranteed occupancy rates, thereby allowing him to pay off the loan and sustain a positive cash flow. The financial institution is supporting a credit-worthy company that will be able to pay off the loan on a timely basis with a greatly reduced chance of default. The government is able to provide

acceptable housing without asking for a new appropriation or without trying to squeeze these funds out of an already reduced budget and making required trade-offs with other needed programs.

GIVE ME ANOTHER EXAMPLE

Another innovative program is underway at the Army's Industrial Operations Command under the Army Material Command. This model commercial reuse conversion program is taking place at 11 U.S. Army Ammunition Plants.

The Army is the single supplier of conventional ammunition for all the military services and thus needs to maintain an adequate level of readiness within the ammunition industrial base. Rising overhead and environmental costs, staffing restrictions, inability to fund inactive or obsolete facilities, and internal government competition for a shrinking workload have all caused severe problems within the Army's munitions facilities. The Army needed to develop innovative programs to alleviate these problems and to sustain these facilities. The facility-use contracting technique was developed and implemented to attract commercial and "nontraditional" government work into the government-owned/ contractor-operated (GOCO) ammunition production base.

Facility-use contracting encourages commercial contractors to utilize existing GOCO facilities and equipment for commercial purposes. In so doing, they maintain critical defense facilities, equipment, and job skills at reduced costs. The local community benefits from the creation of new employment opportunities, with spin-off secondary businesses.^{xv}

Legislative support led to the passage of the National Defense Authorization Act

for Fiscal Year 1993. The *Armament Retooling and Manufacturing Support (ARMS) Act of 1992* (Public Law 102-484) directed the Army to develop a prototype defense reuse program and authorized funding for the Army's facility-use contracting initiative. The Act envisioned a responsive ammunition industrial base created through DoD and industry partnerships, with the cooperation of state and local communities. These plants would respond to national needs, would be maintained with minimum resources, and would provide benefits to the public through the creation of economic opportunities.

Dubbed the *ARMS Initiative*, this law is the mechanism by which needed economic incentives can be provided to contractors in support of facility use contracting. The implemented ARMS Program provides funding to encourage and entice private firms to use Government-owned ammunition manufacturing plants for commercial business. This initiative has two principal goals: preserving the ammunition industrial base (equipment, plant infrastructure, skills) at a minimum cost to the taxpayer and reducing the impact of downsizing on local communities. Initial funding of \$200 million was appropriated in the 1992 ARMS Act for use over three fiscal years (FY93-FY95). This appropriation demonstrated Congressional concern about the maintenance of the ammunition industrial base. It portends the critical role that the ARMS Initiative can play in meeting that national security objective. Although \$100 million was ultimately reprogrammed for other Army programs in fourth quarter FY95, \$45 million was made available in both FY96 and FY97. Due to its initial success, additional funding requests are included in the Army's

The Armament Retooling and Manufacturing Support (ARMS) Initiative Act of

1992 Final Report to Congress lists the following successes as a result of this initiative:

- \$22 million in immediate offsets to other defense programs
- \$7 million in annual recurring overhead savings
- \$12 million in annual recurring payments for use, which will continue indefinitely
- 100 tenants on DOD facilities using and maintaining idle governmental property
- One thousand five hundred jobs and corresponding salaries boosts the economies of local communities.
- There is also the potential to increase the number of jobs to 4,200 based upon proposals under evaluation and near-term growth projections by tenants already on-site.^{xvi}

These impressive figures demonstrate the tremendous potential of a program such as this. Plants in Indiana and Kansas have completely eliminated government maintenance costs. It is anticipated that four additional plants—Scranton, Volunteer at Chattanooga, Riverbank, and Mississippi Ammo Plant at the Stennis Space Center—will be **cost free** within two years.

Officials in the Industrial Operations Command expect to realize increased savings to offset other program costs in the future. The Army's share of the proceeds are currently being reinvested at the plants that generated the funds for environmental clean-up, disposal of unneeded assets, and modernization of facilities. With the reduced cost of operations, the Army will have a complete return on its investment by FY2000. While these are all industrial sites, DOD can eliminate operating costs without base closure at other sites across DOD using similar methods.

Environmental cleanup can be positively influenced using a program such as this. Revenues generated can be used for cleanup activities at that base; in fact, in many cases this is money that has not been appropriated and may not be available in the near term.

Another resultant effect is that all participants can continue to use these industrial "brownfields" without creating new industrial sites.

Through innovative or entrepreneurial ideas such as these, the possibilities of cooperation between private industry and the Department of Defense are endless. DOD needs to be more creative in finding the inherent value of these installations. Then it can leverage that value much the same way private industry commonly creates value in their daily business practices.

CREATING VALUE AT INSTALLATIONS

Even a quick look at DOD installations reveals many opportunities for generating revenue. Officials must start to think about **creating value**, rather than just looking at reducing costs and closing bases. Utility systems offer one intriguing example. If you look for their value, you begin to see the possibilities. Installation managers are now looking for ways to leverage these resources in order to reduce their O&M costs at that installation. Bases can lease utilities to public and private providers for use by the surrounding communities and businesses if it is cost effective for them. Similarly, both DOD and the surrounding public and private utility providers may share the utilities. In consideration for these services, they exchange continued services and negotiate cost reductions or upgrades to aging systems at many of our installations.^{xvii} Again, the possibilities for realization of value and combinations of entrepreneurial solutions are almost endless if we just think creatively.

CAN WE DO THIS WITHIN DOD OURSELVES? OR DO WE NEED TO HIRE SOME HELP?

Government managers are not trained to search out and realize the potential value in a facility, an installation, or any of its components. Organizations develop “core competencies” in their employees. As an Army officer, my core competency is to participate effectively in providing a well-trained and equipped fighting force that is capable of fighting and winning wars anywhere in the world. I have not trained all of these years to manage an installation by realizing its potential value. War-fighting is not necessarily carried out on a cost-savings or entrepreneurial basis. There are very few active duty military personnel who can claim to have mastery of these entrepreneurial skills. Many civilian members of the Armed Forces are more skilled in managing these assets. They may have focused on installation management all of their careers. But these too are also not the precise skills needed. DOD civilians traditionally focus on cost containment, cost reductions, and readiness-rather than on realization of asset valuation as a means to off-set costs. Colonel Ronald Adkins, Acting Director for the Base Closure and Transition Office, put it very succinctly: “We need entrepreneurs who can make a difference. You and I aren’t trained to do that. We are war-fighters, not installation entrepreneurs.”^{xviii}

So we must acknowledge that we in the government cannot solve all of these problems ourselves. Many in the public and private sector are urging us to utilize talent from the private sector. Industry specialists can assist us as we transition and begin to realize the value of our public resources. David Linowes, Professor of Political Economy and Public Policy, University of Illinois, and Senior Policy Advisor to the Institute of Government and Public Affairs, states that:

Government should reach out by opening its operations to bring in the creative talents in the private sector. Today, only those who work for government are allowed to help solve the needs in medical care, education, poverty, and budget deficits. The creative talents and ingenuity of those in the private sector are excluded from direct participation unless they quit their jobs and move onto the government payroll. Yet, those entrepreneurs in the free enterprise system are among the nation's greatest resources. That's not a reflection of those who work in public institutions...We can and should use private sector entrepreneurs to achieve more effective government performance.^{xix}

Where are the experts out there then that DOD can partner with to help us begin this new journey? DOD must identify the expertise of the private sector that is making similar transitions such as these happen today. The example of the successful ammunition plant conversions reveals that private contractors can assist in this venture. Experience has shown that those involved with the BRAC closures also realize that the missing ingredient in this process is the entrepreneurial insights of the private developer.^{xx} Certainly, private industry is addressing the same challenges that we in the government are experiencing.^{xxi}

IS THERE REALLY "GOLD IN THEM THAR' HILLS?"

Yes, many of the installations DOD owns are very attractive to private industry. DOD possesses prime real estate in some areas (and admittedly some "dogs" in others!). What is private industry looking for as they do site selection? Surveys show that industry is looking for a variety of factors when making location decisions. They are searching for availability of trucking, highways and railheads, affordable housing, community support of business, and the availability of skilled labor. They also seek out affordable wage rates and labor costs and the availability of electricity as key factors in making decisions as to

where to relocate or expand their businesses.^{xxii} These are some of the same characteristics that are readily available at DOD facilities today. DOD just needs to market such assets and assist private industry in finding a match for their needs with DOD's unused capacity.

Private industry is currently avoiding purchasing land and relying increasingly on long-term leasing. Industrialists realize that owning land and managing real estate with its long-term environmental liabilities is not part of their core business competencies. They are now selling off much of their real estate holdings and entering into leases. Leases provide them with much more flexibility in the fast moving business world out there today. Restructuring their real estate portfolios is a powerful way to dampen the swings we all see in a cyclical economy.^{xxiii} These companies are now looking for facilities that can meet their needs as they look to expand their activities in the pursuit of new business.

This decreased corporate emphasis on the purchase of real estate from private industry is perhaps one of the reasons that DOD is not realizing their expected revenue from the transfer of the BRAC bases. If there is a market out there for the leasing of prime real estate and existing structures, DOD is in a unique position to fulfill that market need. DOD can and should provide opportunities for non-DOD entities to lease unused portions of its bases.

Although facility-use contracting has proven successful in the initial phase of the ARMS Program, alternative dual contracting methods may prove even more desirable by using commercial real estate financing mechanisms. Use of the full line of commercial

financing alternatives (long-term agreements as collateral for commercial loans, recapitalizing government assets, and leveraging site improvements) could substantially increase DOD's return on its investment in bases and facilities.

What is recapitalization? Recapitalization involves taking the existing, already expensed real estate and infrastructure and reusing them. These assets can then be reused to provide a substantial offset to costs by allowing non-DOD customers to utilize their profit making potential. Very simply, converting assets to value allows that value to be converted to work and reduced cost of base support. This recapitalization or dual-use needs to be aggressively pursued rather than ignored. Experience has shown this will work at our industrial plants; it has the potential as well to work at many of our other bases.

CAN WE DO THAT IN THE GOVERNMENT?

DOD must develop an innovative contracting mechanism that will attract entrepreneurs from the private sector to help DOD uncover and market the valuable assets on its bases. DOD must contract for this support with private firms at selected bases to start with, whether they are being considered for closure or not. Such a contract would be similar to the previously mentioned facilities contract developed by the Army's Industrial Operations Command. Regardless of its exact format, its main feature would clearly be the incentive fee for the contractor. This may be something as simple as a percentage of the business they bring to that base, some other performance incentive, or an appropriate finder's fee. However, these incentives must be sufficient to spur that entrepreneurial contractor to expand the opportunities on these DOD bases. Quite simply, the more business opportunities and business development that this contractor can bring to the

base, the more profit they deserve. This makes good sense to both parties involved. The contractor must make a profit to stay in business. And DOD (ultimately the U.S. taxpayer) can thus operate these bases more cost effectively. DOD can use these payments for facilities costs to offset O&M or BOS costs, environmental cleanup, upgrading facilities, or other requirements that may remain unfunded at that base.

However, these funds must remain at the local base level, no matter how successful that facility may be in its entrepreneurial quest. Leaders must not allow the siphoning off of these funds in any way. The funds must remain where generated, rather than taken up to higher levels "for the greater good." If individuals at the local facility, community, or the given contractor sense that they are not being rewarded for their innovative qualities and entrepreneurship, it will quickly stifle their attempts to achieve more efficiencies and to create greater opportunities. Our leaders must strenuously resist any attempts to stifle initiative. They must convince each and every one involved that the "sky is the limit" when it comes to initiative and increasing the value of their installation.

Congress must continue to stay involved also if we are going to make this happen. Once again, the old adage fits: "it takes money to make money." As it did for BRAC, Congress must appropriate funds for the installations to assist in this base conversion process. DOD and the operating contractors will require funds to upgrade or modify certain areas to make them more attractive for commercial use. Congress established this precedent when it passed legislation and appropriations for closure of BRAC recommended bases.^{xxiv} DOD's Office of Economic Adjustment and the Base Closure and Transition Office assists communities affected by BRAC closure actions by

supporting reuse planning and developing marketing strategies. Grants to local communities rose from \$85,000 in 1991 to \$600,000 in 1996 for those communities affected by the closures of BRAC I and II. DOD estimates it will spend around \$30 million between 1997 and 2000 for planning grants.^{xxv}

There is an alternative however to using appropriated funds. Changes to legislation would allow DOD to generate its own funds for the base conversion process. Installation managers can generate needed funds by realizing the value of their existing assets and then creating a mechanism to utilize this value. The value of these facilities and real estate can be leveraged to attract private industry looking for growth activities. As firms invest in these growth opportunities on DOD bases, the value of these bases increases rather than decreases and the bases do not need to be closed.

Each individual installation should be allocated (or generate) funds to develop business plans and marketing strategies. Yes, EACH installation must have its own plan. They all have different strengths that they must identify and advertise. They also have certain market niches that they must target to attract the right commercial business that will produce the results we need. As they become successful, their total operating costs will decrease accordingly. Eventually, the allocated investment will be repaid and they will be operating at no cost to the taxpayers. "It takes money to make money."

We often cite governmental regulations when we cannot make something happen. Many of the governmental acquisition officials charged with creating entrepreneurial enterprises worry that if they become too innovative, "Big Brother" will step in. Even when they are taking prudent risks and are "out on the limb" only a little bit, they fear

second-guessing by lawyers, inspectors' general, higher headquarters, or even Congress.

Those responsible for making the government work more efficiently realize there is a problem. Colleen Preston, Deputy Undersecretary for Acquisition Reform Process and Policy says, "We've got to stress insight instead of oversight. We've got to have minimum rules and regulations and empower people to use more discretion."^{xxvi}

Entrepreneurship is not for the timid. Our leaders are advocating it. It's time for us as taxpayers to demand a change.

Leaders within DOD need to continue to apply innovative applications of existing rules if they expect to achieve continued changes. They must radically change the management of DOD facilities if they are going to commit to saving needed infrastructure. State and local governments are realizing the potential that these new business opportunities provide for all involved.

Sacramento Army Depot in California offers an excellent example of how the local, state, and federal governments cooperated with private industry to create a winner. This 500 acre site, with 1.8 million square feet of buildings, faced closure in 1995. Under a profit-sharing agreement, the Army transferred the depot to the city of Sacramento at no cost. Marketing and leasing agreements with the Packard Bell Corporation have now exceeded all expectations. The base now directly employs over 5,000 people with a spin-off of some estimated 2,000 - 3,000 jobs within the region. The company's annual payroll is around \$200 million; it generates about \$1 million annually in local taxes.^{xxvii}

All stakeholders worked together to ensure this success. Local and state governments

worked with the Army and private industry to create several financial incentive packages that made this base quite attractive to Packard Bell.^{xxviii}

Close cooperation from everyone involved will help produce laws that spawn new development at DOD bases. Laws that provide appropriate incentives to public and private participants are necessary. Likewise, expeditious passage of ordinances, zoning requirements, and environmental permits may be necessary to preclude lost business opportunities. If DOD continues "business as usual," it will probably lose valuable opportunities.

CONCLUSION

DOD cannot continue to close bases without attempting to realize the value of these national treasures. Base closures under the BRAC process have succeeded in reducing the numbers of installations with some prospects of additional future savings. But closures have not been successful in all cases. They continue to receive intense scrutiny and generate ongoing controversy. There are other successful ways to reduce the costs of supporting our infrastructure without closing more bases. The documented procedures used in the Housing and the ARMS Programs should become a preferred option for cost reduction within DOD. They provide an attractive alternative to closing the bases. Local commanders should be authorized and encouraged to contract with a private entrepreneurial firm to bring other business onto the base. The business generated would provide much needed funds for base support functions, as well as creating new jobs and bringing business to the surrounding communities. These funds in turn could offset base support costs and provide for environmental cleanup. They also can support

quality-of-life initiatives for the soldiers, sailors, airmen and Marines stationed at a given base. They would also stimulate the local economy and provide a win-win situation for all involved.

DOD must look beyond the norm and “think outside the box” if it is going to continue to support the force in the future with the reduced budgets expected in the out-years. We cannot continue to do “business the same old way.” We built these national assets and developed them with taxpayer's money. Recapitalization of these assets and pursuit of dual-use strategies will allow us to use them to provide opportunities for business and the government to work together for the common good, in this case, the nation's security.

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